

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6552

BILL NUMBER: SB 441

NOTE PREPARED: Dec 22, 2012

BILL AMENDED:

SUBJECT: Local Road Funding and Sales Tax.

FIRST AUTHOR: Sen. Skinner

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that 0.67% of state Sales Tax revenue shall be distributed to counties, cities, and towns (rather than the state General Fund) based on the counties', cities', and towns' proportionate share of local road and street mileage. The bill specifies that amounts distributed in this manner may be used by counties, cities, and towns for the same purposes for which money from the Local Road and Street Account may be used.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Auditor of State* - This bill requires the Auditor of State to distribute a portion of Sales Tax revenue to counties, cities, and towns based on their proportionate share of local road and street mileage. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: *Summary* - The bill will impact distribution of Sales Tax revenue by reducing the amount distributed to the General Fund and allocating 0.67% to counties, cities, and towns. The estimated decrease in General Fund revenue is \$47.9 M in FY 2014 and \$49.9 M in FY 2015. The table below shows the bill's impact on Sales Tax revenue distributions to the General Fund.

General Fund Distribution (in millions)			
FY	99.848%	99.178%	Impact
2014	\$7,144.7	\$7,096.8	-\$47.9
2015	7,434.2	7,384.3	-49.9

Background Information - Under current statute, Sales Tax revenue is distributed to the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%). The change in distribution will begin in FY 2014. The table below shows the Sales Tax revenue distributions for FY 2014 and FY 2015 under the distribution formula proposed in the bill. The Sales Tax revenue totals for FY 2013-FY 2015 are based on the Revenue Technical Committee forecast (December 17, 2012).

Fund	Distribution			Revenue (in millions)		
	FY 2013	FY 2014	FY 2015	FY 2013	FY 2014	FY 2015
General Fund	99.848%	99.178%	99.178%	\$6,863.80	\$7,096.76	\$7,384.32
Counties, Cities & Towns	0.000%	0.670%	0.670%	0.00	47.94	49.88
Commuter Rail Service Fund	0.123%	0.123%	0.123%	8.46	8.80	9.16
Industrial Rail Service Fund	0.029%	0.029%	0.029%	1.99	2.08	2.16
Total	100.000%	100.000%	100.000%	\$6,874.25	\$7,155.58	\$7,445.52

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues will increase by the amounts allocated to counties, cities, and towns based on their proportionate share of local road and street mileage. The total estimated distribution is \$47.9 M in FY 2014 and \$49.9 M in FY 2015. Of the \$47.9 M in FY 2014, it is estimated that approximately \$37.3 M (78%) will be distributed to counties and \$10.6 M (22%) will be distributed to cities and towns.

[Note: The distribution formula contained within this bill is a new formula based solely on local road and street mileage. While not the same formula as that used for the Local Road and Street Account, the distributions to counties, cities, and towns may be used for the same purposes. These include construction, maintenance, and reconstruction of streets and roads, engineering, land acquisitions, and equipment.]

State Agencies Affected: Auditor of State.

Local Agencies Affected: All counties, cities, and towns.

Information Sources: Revenue Technical Committee Forecast, December 17, 2012.

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